



# ServiceMaster®





# Investor Day

December 11, 2018

# Cautionary Statements

## Safe Harbor Statement

This presentation contains “forward-looking statements,” including 2018 revenue, Adjusted EBITDA outlook, and organic revenue growth projections, that are based on management’s beliefs and assumptions and on information currently available to management. Most forward-looking statements contain words that identify them as forward-looking, such as “anticipates,” “believes,” “continues,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms that relate to future events. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause ServiceMaster’s actual results, performance or achievements to be materially different from any projected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent the beliefs and assumptions of ServiceMaster only as of the date of this presentation and ServiceMaster undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events or otherwise. As such, ServiceMaster’s future results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree. ServiceMaster cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial or operational goals and targets will be realized. For a discussion of some of the important factors that could cause ServiceMaster’s results to differ materially from those expressed in, or implied by, the forward-looking statements included in this presentation, investors should refer to the disclosure contained under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, and our other filings with the SEC.

## Note to Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures. Non-GAAP measures should not be considered as an alternative to GAAP financial measures. Non-GAAP measures may not be calculated or comparable to similarly titled measures of other companies. See non-GAAP reconciliations below in this presentation for a reconciliation of these measures to the most directly comparable GAAP financial measures. Adjusted EBITDA is not a measurement of the Company’s financial performance under GAAP and should not be considered as an alternative to net income or any other performance measures derived in accordance with GAAP. Management uses this non-GAAP financial measure to facilitate operating performance, as applicable, from period to period. We believe this non-GAAP financial measure is useful for investors, analysts and other interested parties as they facilitate company-to-company operating performance, as applicable, by excluding potential differences caused by variations in capital structures, taxation, the age and book depreciation of facilities and equipment, restructuring initiatives and equity-based, long-term incentive plans.

**Adjusted EBITDA** is defined as net income before: depreciation and amortization expense; 401(k) Plan corrective contribution; fumigation related matters; insurance reserve adjustment; non-cash stock-based compensation expense; restructuring charges; American Home Shield spin-off charges; gain on sale of Merry Maids branches; non-cash impairment of property and equipment; non-cash impairment of software and other related costs; management and consulting fees; consulting agreement termination fees; (gain) loss from discontinued operations, net of income taxes; (provision) benefit for income taxes; loss on extinguishment of debt and interest expense. The company’s definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.



# ServiceMaster Overview

Nik Varty, Chief Executive Officer





DECEMBER 10, 2018

NEW YORK STOCK EXCHANGE

NYSE CLOSING BELL®

SERV  
LISTED  
NYSE



ServiceMaster®

SERV  
LISTED  
NYSE



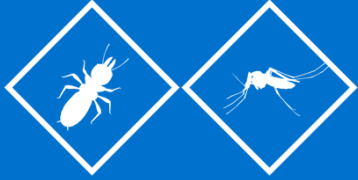
NEW YORK STOCK EXCHANGE



# ServiceMaster - Investment Opportunity



## REBUILDING THE SERVICEMASTER CORE



- The leading brand in an attractive North American pest market
- Transformation efforts on track, leading to improving organic growth
- Growing presence and capabilities in commercial pest and national account business

## LEVERAGING ADJACENCIES



- Strong positions in restoration and cleaning markets with untapped potential
- Driving additional growth through national accounts, strengthening urban capabilities, innovating new products, technologies and business offerings, and exploring the global arena

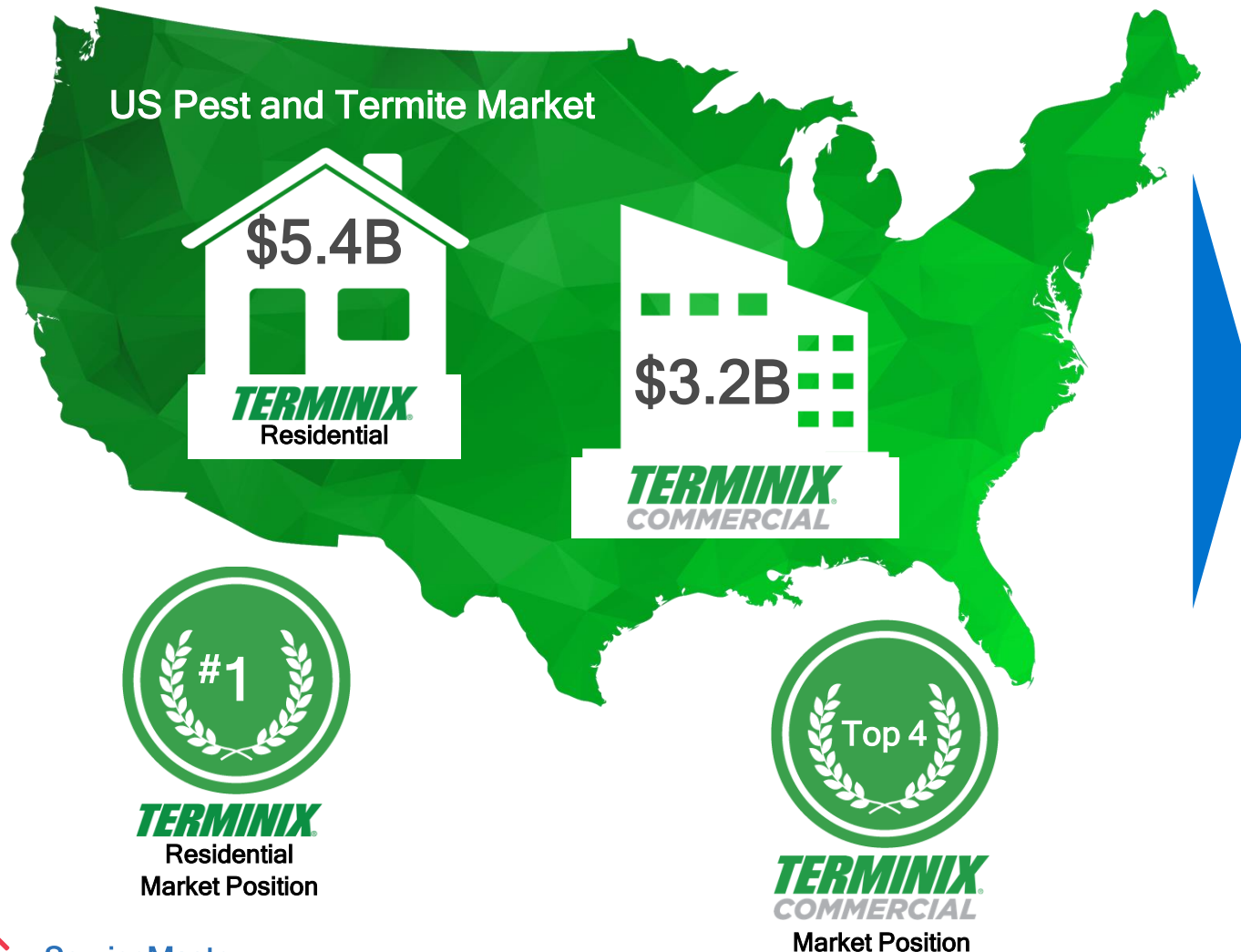
## SOLID FUNDAMENTALS



- Front-line led lean transformation, layered with a leading technology - delivering outstanding customer experiences and sustainable improvements
- Major focus on building differentiated and highly trained talent

# Pest Management market positions

*Leading positions in an extremely attractive market*



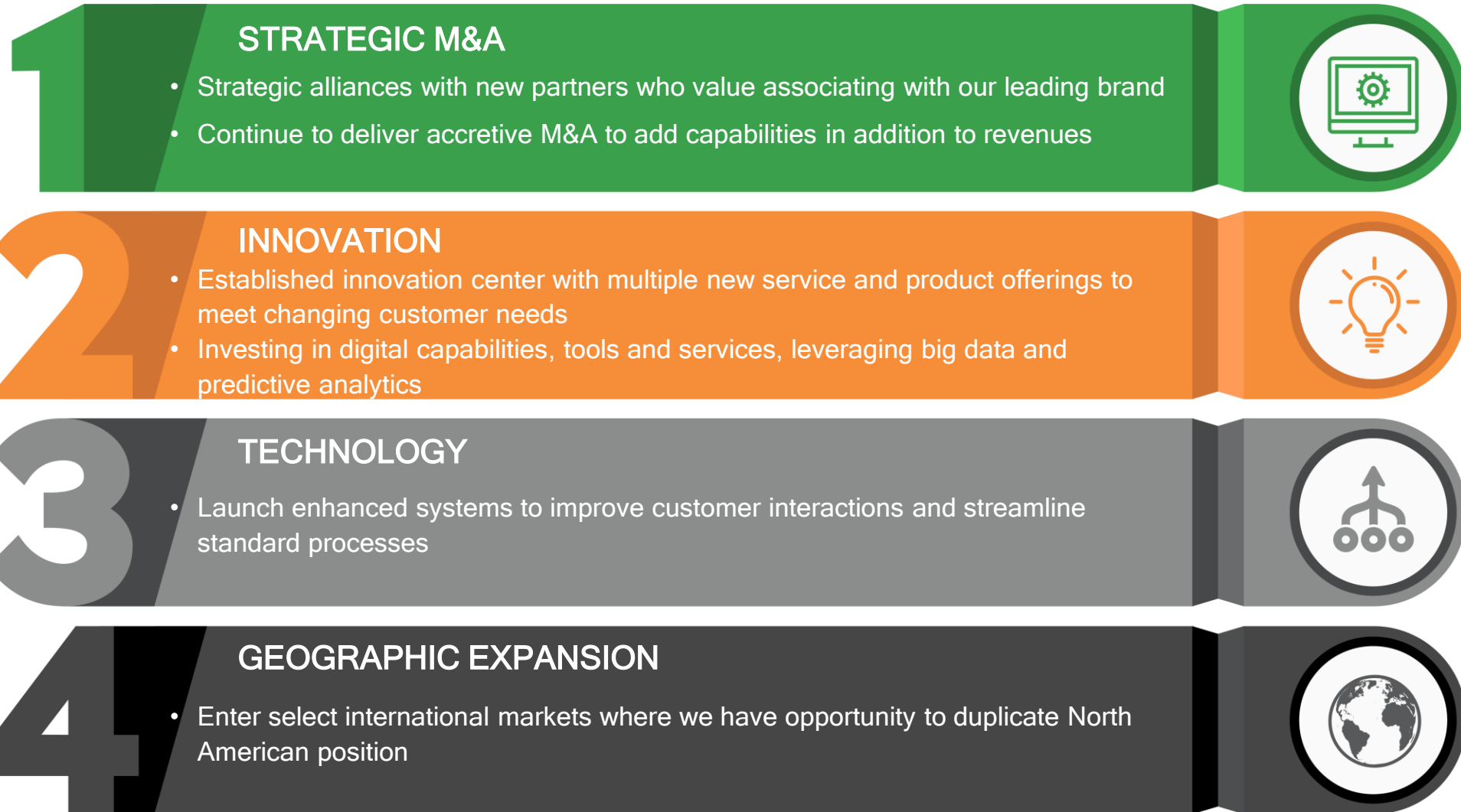
## Drivers

- Growing faster than GDP
  - Higher than average profitability
  - Few players with the ability to scale globally
- 
- Growth transformation
    - Strengthening organic residential growth rate in 2H 2018
  - Leading profitability - balancing core investments
  - Building solid long term shareholder value
  - #1 brand across all categories



# Additional growth opportunities in Terminix

*With a strong base following transformation, many opportunities to grow Terminix*





# Terminix sustained differentiation

*Leveraging process improvement for sustained growth*



1

Reimagining end-to-end service journeys

2

Driven by frontline associates

3

Using a disciplined lean-digital approach

4

Embedding new processes with world-class information systems technology

5

Achieving superb consistency and scalability of a differentiated customer experience

# Remaining portfolio has significant growth opportunities

*Franchise Service Group becomes ServiceMaster Brands to better align with growth strategy*



## RESTORATION

*ServiceMASTER*  
*Restore*

**Rx** FURNITURE MEDIC®

**AMERISPEC**  
INSPECTION SERVICES

- ◆ Lucrative & high growth market space
- ◆ Expand commercial presence - scale and repeatability
- ◆ Expand into adjacent segments, including reconstruction and solutions
- ◆ Grow national accounts and expand insurance relationships
- ◆ Drive additional value by selectively owning specific operations
- ◆ Optimize one of the nation's widest footprints



## CLEANING

*ServiceMASTER*  
*Clean*

**merry maids**

- ◆ Attractive market with several high growth segments
- ◆ Optimize existing brands through strategies focused on accretive growth
- ◆ Continue to leverage national accounts in commercial markets across services - strong adjacency to pest management
- ◆ Focus on clear customer segment targets including healthcare, hospitality, food services
- ◆ Develop new products and services to meet customer needs

## Mission

*Why we do what we do*

***Creating cleaner, healthier, safer environments for our customers wherever they are - at home, at work, or at play.***

## Actions

*What we do*

### **We create environments free from the effects of pests**

We provide innovative and integrated pest management to protect our customers from bites, diseases, viruses and food-borne illnesses, and protect their most important assets - their homes and businesses

### **We help our customers manage and recover from fire, water and other disasters**

We provide regular and emergency services to help families and businesses manage, restore and recover when they need it most - after the devastating consequences of a flood or fire

### **We create clean environments free from germs**

We provide high-quality cleaning services dedicated to creating a pleasant, safe, and orderly environment for our customers

### **We Serve**

We serve our customers by providing exceptional customer experiences that exceed their expectations

### **We Care**

We care deeply about the health, safety and wellbeing of our customers, associates and communities and constantly seek new and better ways of protecting them and improving their environments, in a sustainable way

### **We Deliver**

We consistently deliver on our commitments to our customers, our employees, and our shareholders

## Commitments

*How we do it*





# ServiceMaster Executive Leadership Team

*Experience growing and transforming companies in a wide range of industries*



**Matthew Stevenson**  
President, Terminix  
Residential

*Meritor WABCO, Bridgestone,  
Daimler*



**Deni Naumann**  
Interim President,  
Terminix Commercial

*Copesan, S.C. Johnson Wax*



**Mary Kay Wegner**  
President, ServiceMaster  
Brands

*Coca-Cola, Waste  
Management*



**Pratip Dastidar**  
Chief Transformation  
Officer

*Salesforce, HP, Amazon,  
Honeywell, WABCO*



**Dion Persson**  
SVP, Business  
Development

*Berkshire Hathaway, Skadden  
Arps, Ingersoll Rand, Johns  
Manville*



**Robert Doty**  
Chief Information Officer

*Nissan North America,  
Oracle*



**David Dart**  
Chief Human Resources  
Officer

*Ecolab, Bissell, ConAgra  
Foods, Amgen*



**Tony DiLucente**  
Chief Financial Officer

*HDT, Masonite, Johns  
Manville, Honeywell, DuPont,  
Conoco, Phillips*



**Michael Bisignano**  
General Counsel

*CA Technologies, Blackboard,  
Milbank Tweed, Morgan  
Stanley*



# Terminix Residential Strategy

Matthew Stevenson, President Residential

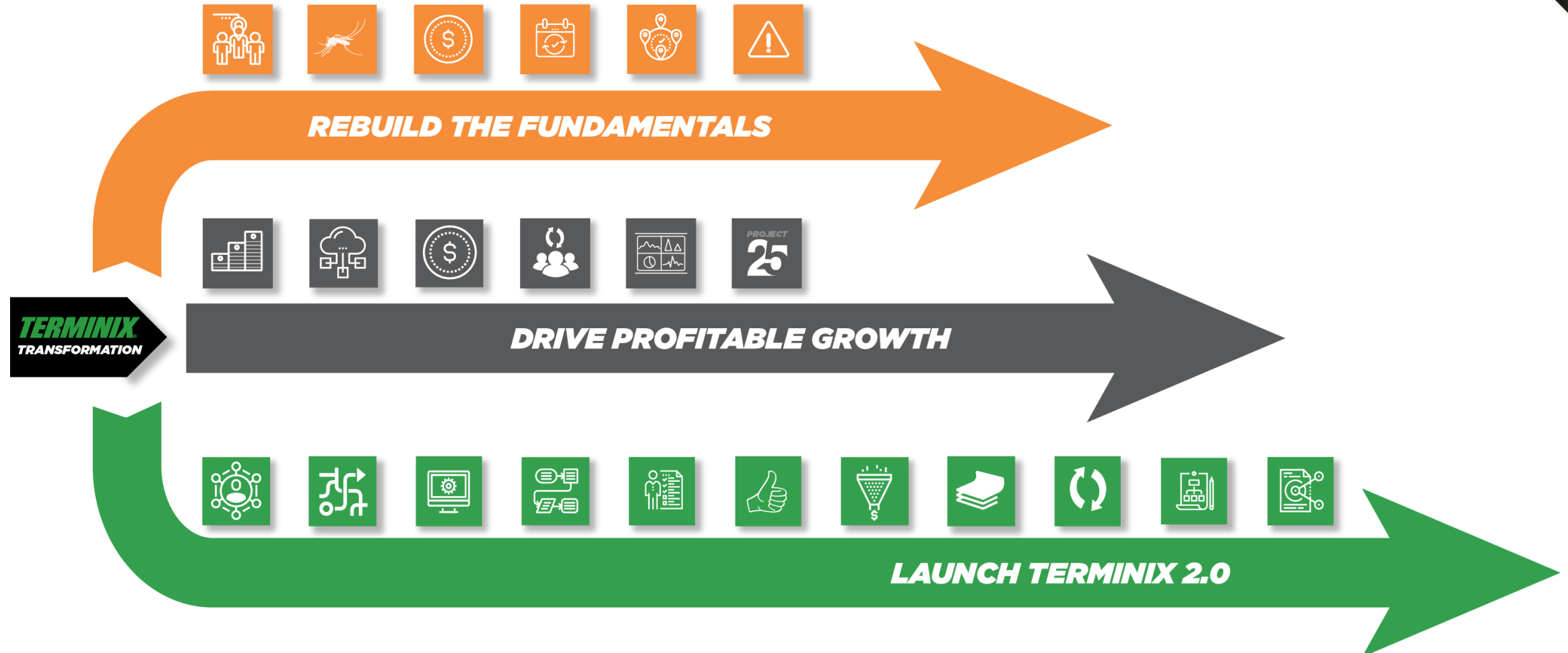






# The Terminix Residential Transformation

*Parallel paths to transform this business*



# Rebuilding the Terminix culture, improving the fundamentals and driving accountability delivered organic pest growth

*Employee morale in the field is the best it has been in years*



## 2018 included successes across the business



### SAFETY

*New safety culture driving results*



### NET PROMOTER SCORE

*Improvement in both Pest and Termite NPS*



### RENEWABLE SALES

*Terminix record for new units*



### AUTOPAY CAPTURE

*Focused effort drove best ever year*



### PEST START RATE

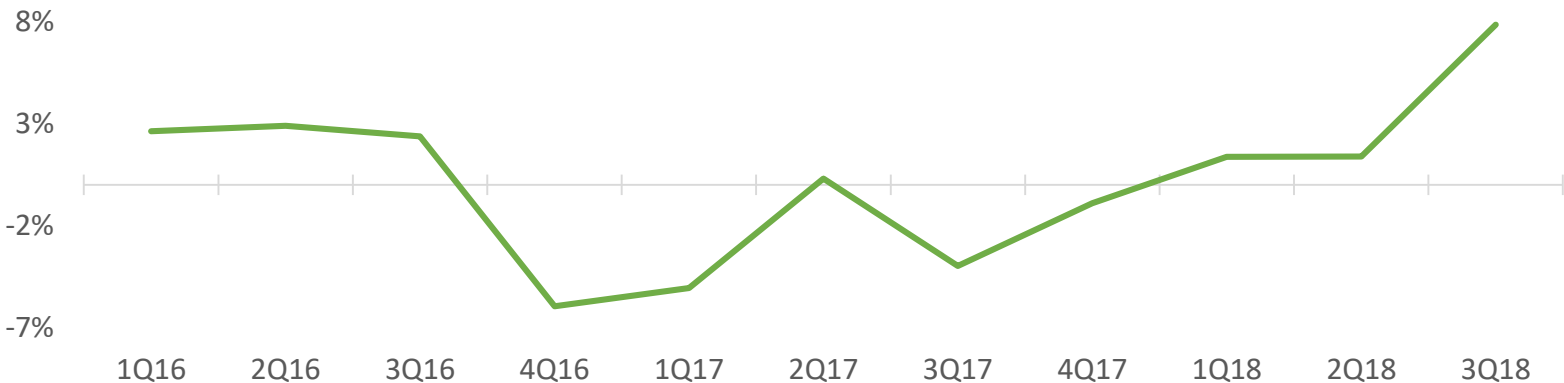
*All-time highs driven by 24-hour starts*



### PEST ROUTE COMPLETION

*Culture change and accountability drove completion back up*

## Residential pest organic growth rate improvement



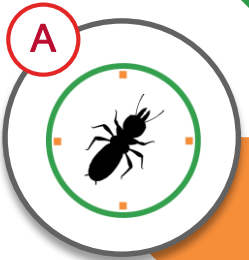
## Focused set of 2019 strategic priorities



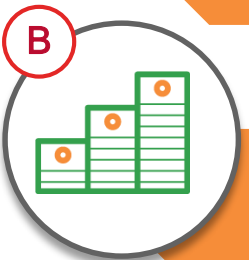
IMPROVE CUSTOMER  
RETENTION



CONTINUE TO DRIVE NEW  
RECURRING UNITS



STRENGTHEN THE TERMITE BUSINESS



TIERED PRODUCT





# 1 Understanding true root causes of customer cancellations was a critical first step

*The vast majority are addressable*



## Purchase



### Sales communication issues

13%

- Should have been a one-time service
- Regular service for special pest issue
- Unaware of service ending

## Scheduling



### Scheduling challenges

19%

### Change in assigned tech

7%

## Service Delivery



### Poor quality service delivery

20%

### Service did not work

15%

### Solved pest issue and no longer see the value

7%

## Payment



### Price – unhappy with increase

7%

### Price – found a better deal

7%

### Billing issues

6%

## Other customer driven cancellation reasons...

### Moved to a new location

18%

### Other reasons – customer driven

14%

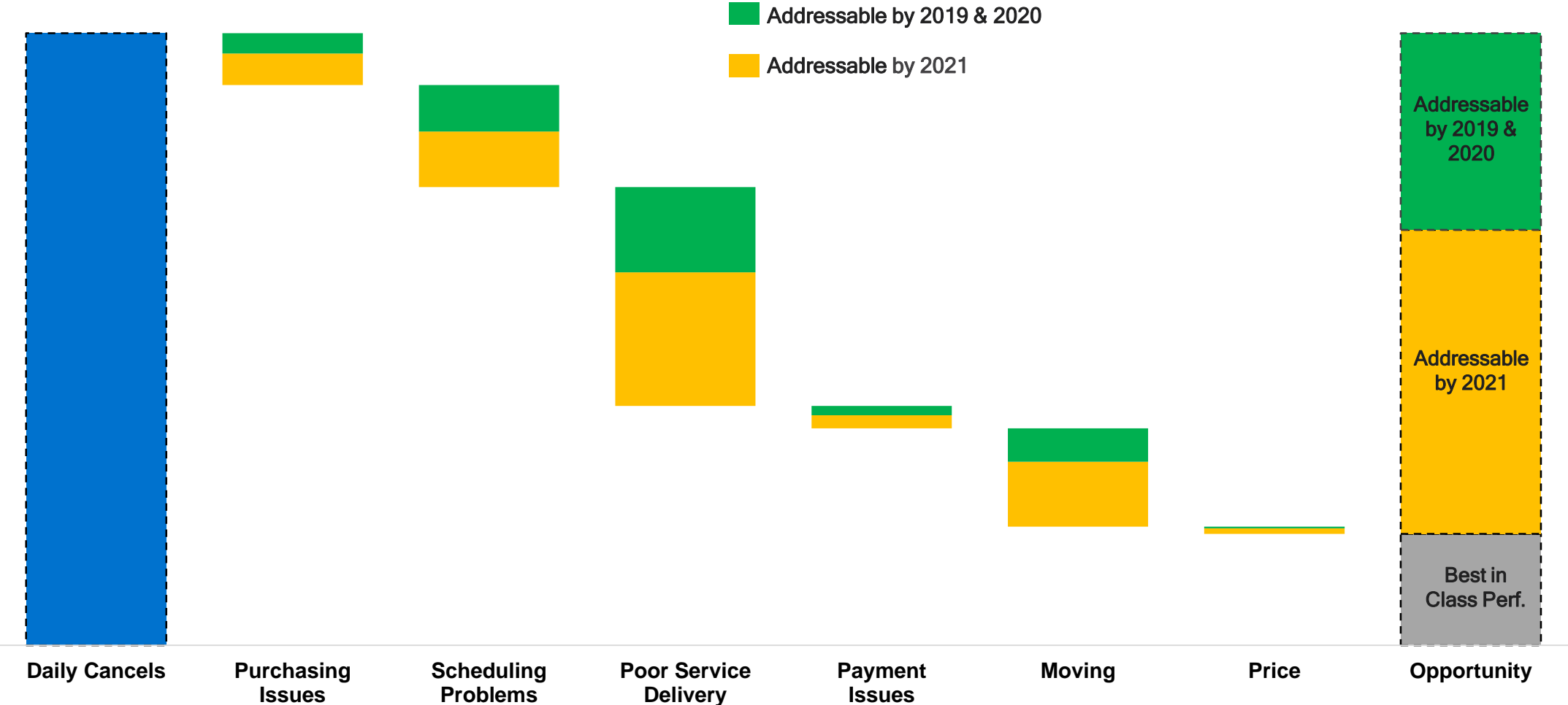
### Other reasons – one-off circumstances

6%

Note: Percentage numbers do not add up to 100% due to customers cancelling for multiple reasons

# ① Initiatives underway to reduce addressable daily cancels

*Task forces meet weekly to execute improvement plans*



2

# New outside sales professional (OSP) compensation plan will drive improved employee retention and more recurring units

Plan was designed in conjunction with employees to address pain points and improve morale

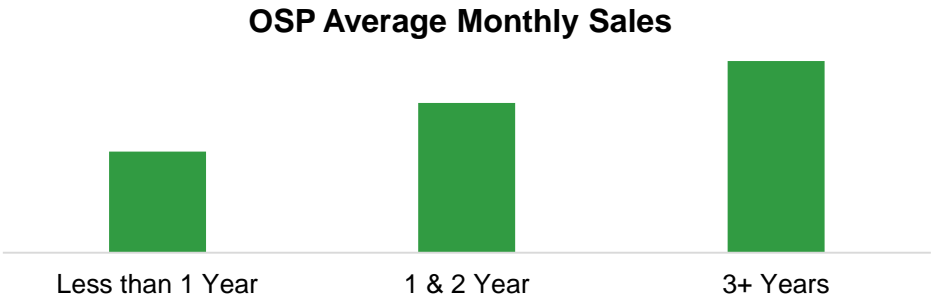


Pay plan has been a major contributor of sales rep turnover

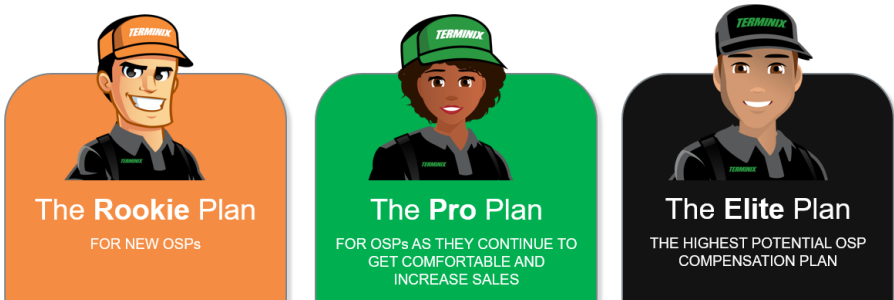
What were the primary reasons you left Terminix?



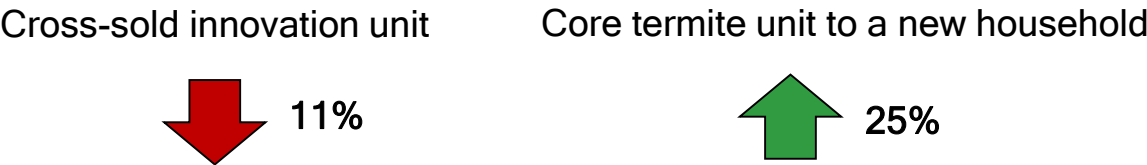
The longer an OSP stays, the higher their sales volume is



The new plan has 3 levels, designed to motivate employees at different stages in their career



New commission structure will drive focus on re-occurring units to new households



# A Strengthening the termite business is a key priority in 2019

*Growing termite above market growth rates will require both sales and retention improvements*



## Sell more preventative units

- Introduction of new Tiered Product (bundled) offer
- Launch of new Drywood Defend product
- Develop additional sales channels (e.g. Big Box Retail, e-commerce)
- Properly incentivize sales force with new compensation plan



EXAMPLE		
SILVER Plan	GOLD Plan 25%	PLATINUM Plan 30%
Protects your home from common household pests — top to bottom, all year long.	Two threats. One relentless solution. Shut pests AND termites down, 24/7/365.	Protects your home and backyard for keeping pests, termites AND mosquitoes out.
✓ Relentless Protection Guarantee	✓ Relentless Protection Guarantee	✓ Relentless Protection Guarantee
✓ Additional 5% off of Other Service Services	✓ Additional 10% off of Other Service Services	✓ Additional 10% off of Other Service Services
✓ Ongoing Pest Control	✓ Ongoing Pest Control	✓ Ongoing Pest Control
✗ Carpenter Ant Control	✓ Carpenter Ant Control	✓ Carpenter Ant Control
✗ Preventative Termite Bait System	✓ Preventative Termite Bait System	✓ Preventative Termite Bait System
✗ NEW Quick Guard® Mosquito Treatment	✗ NEW Quick Guard® Mosquito Treatment	✓ NEW Quick Guard® Mosquito Treatment
GOOD	BETTER	BEST

## Improve customer retention

### Improve operational fundamentals

- Spend more time with the customer
- Meet all scheduled appointment commitments
- Communicate with every customer (pre & post visit)
- Enhanced service tickets with more notes, graphs and pictures
- Added value in between reinspections through enhanced CRM
- Continued empowerment of front-line associates to take care of the customer

### Reimagine end-to-end customer journey



## B A new product bundling strategy will be tested in 2019

*The “Tiered Product” offering should drive additional value to customers and increase retention*



### EXAMPLE

#### SILVER Plan



Protects your home from common household pests — top to bottom, all year long.

- ✓ Relentless Protection Guarantee
- ✓ Additional **5%** off of Other Terminix Services
- ✓ Ongoing Pest Control
- ✗ Carpenter Ant Control
- ✗ Preventative Termite Bait System
- ✗ NEW Quick Guard™ Mosquito Treatment

GOOD

#### GOLD Plan



Two threats. One relentless solution. Shuts pests AND termites down, 24/7/365.

- ✓ Relentless Protection Guarantee
- ✓ Additional **10%** off of Other Terminix Services
- ✓ Ongoing Pest Control
- ✓ Carpenter Ant Control
- ✓ Preventative Termite Bait System
- ✗ NEW Quick Guard™ Mosquito Treatment

BETTER

#### PLATINUM Plan



Protects your home and backyard by keeping pests, termites AND mosquitoes out.

- ✓ Relentless Protection Guarantee
- ✓ Additional **15%** off of Other Terminix Services
- ✓ Ongoing Pest Control
- ✓ Carpenter Ant Control
- ✓ Preventative Termite Bait System
- ✓ NEW Quick Guard™ Mosquito Treatment

BEST

**25%**  
OFF  
bundled  
savings

**30%**  
OFF  
bundled  
savings

### CUSTOMER BENEFITS

- ✓ **Simplicity:** Easy to understand what's included and what's not
- ✓ **Customized Options:** Customer chooses level of protection
- ✓ **Affordability:** Getting multiple products at lower costs than if purchased 'a la carte'
- ✓ **Increased Value:** Higher perceived value with multiple products
- ✓ **Easy Billing:** One, common bill for many services

### BENEFITS TO TERMINIX

- ✓ Easier to train new OSPs on product offering
- ✓ Easier to sell
- ✓ Cancellation fee built-in
- ✓ Increase retention



**TERMINIX**

# FOCUS

ON THE

## FUNDAMENTALS



# Terminix Commercial Strategy

Deni Naumann, Interim President - Terminix Commercial

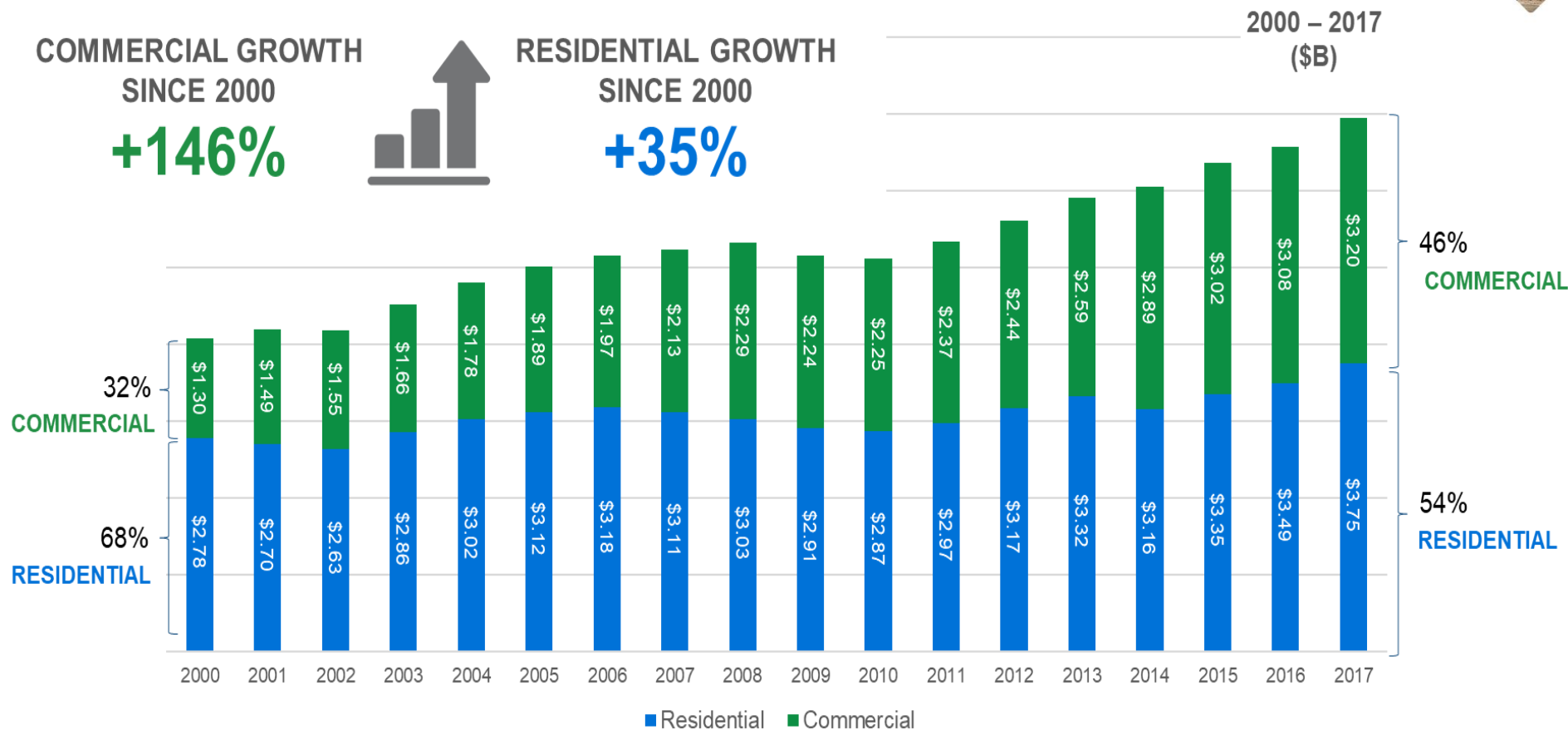


# Commercial pest growth has led the industry since 2000

*A strong market opportunity exists for Terminix Commercial*



- Increased focus on commercial after Q4 2017
- Terminix is the most recognized brand by commercial customers
- Commercial now has its own identity as a focused business
- Critical acquisition of Copesan completed
- Strong focus on talent development



Commercial segment represents 46% total pest control industry revenue (excl. Termite)



# Terminix Commercial is redefining who we are



1

## Build a Strong Foundation

Ensure our structure, expectations, programs and approach meet the needs of customers and employees.

2

## Share Knowledge and Expertise

Leverage our Copesan acquisition to transfer best practices, proven processes and talent within our business.

3

## Solidify Market Differentiation

Strategically align our approach and improve service delivery to capture market share and accelerate growth.

# Consistently deliver an exceptional service experience to win

*Focus on improving commercial service quality is increasing customer satisfaction and retention*



## Recently established:

- ✓ New commercial service quality team
- ✓ Commercial region support management team
- ✓ New sales management structure
- ✓ Customer engagement practices
- ✓ Metrics for accountability
- ✓ Centralized collections team

## In development:

- A role to own the end-to-end customer experience
- Streamlined customer communication processes
- Best-in-class commercial service training
- Revised technician compensation plans
- Comprehensive service protocols
- Branch service capability matrix

Big changes in 2018 have yielded positive results, which will expand through 2019

Continue to leverage resources and expertise from Copesan to strengthen our service delivery model

1

## Commercial field sales transformation in progress

*Tighter span of control with enhanced focus on coaching and performance accountability*

- Removing sales responsibilities from Branch Manager
- Strengthening selling skills and expertise through comprehensive training
- Updating new compensation plans to reward desirable sales behaviors and outcomes
- Implementing relationship-based selling style and strategic planning expectations
- Differentiating our offering and reducing sales cycle through a segment-based strategy

Regional Sales Directors

Commercial Sales  
Managers

Commercial Sales  
Professionals



## Copesan Integration Remains Firmly on Track



- Best practices from Copesan helping to improve entire commercial business
  - Consolidation leading to favorable price adjustments across entire commercial business
  - Best practices leading to improved customer retention across entire commercial business
  - Reputational improvement leading to increasing sales
- Segmenting business delivery using Copesan account management model and partner experience in strategic business groups, as well as Terminix Commercial account management and experience in others
- Achieving synergies in back office support costs, combining national accounts administration and functional oversight
- Improving the quality and systems of Terminix Commercial branches
  - Pilot conversions at qualified Terminix branches on schedule for mid - 2019



## We provide unmatched value to commercial customers

*We are leveraging the strengths and expertise of each brand to differentiate us nationally*



- Powerful brand strength with 90+ years experience
- Strong technical expertise and supplier relationships
- Purchasing power through ServiceMaster
- Termite expertise for select markets
- Strong in retail, hotel and multi-family verticals
- ~350+ total locations across the U.S.
- ~50 dedicated Commercial branches in the U.S.

More awareness and consideration in the past 5 years  
than any other commercial pest company



- Experts in national account management
- Client-focused strategy with high retention
- Proven processes driven by best practices
- Leader in quality service delivery
- Innovative, customer-friendly technology
- Recognized leader in food safety
- 90+ local service providers for total U.S. coverage

Unique model meets the varied, individual  
needs of 500+ national clients

*Source: B2B International, 2017*



# Strategic business group model proven for commercial market

Accelerating growth in high potential market segments with laser focus

## National Accounts Strategic Business Groups Managed by National Accounts Team

## Local Accounts Managed by Local Teams



Food Processing /  
Packaging / Distribution



Transportation



Retail - Food



Retail - Nonfood



Foodservice / QSR



Healthcare



Retail - Nonfood



Banks / Offices



Hospitality



Property Management



Multi-Site Local  
Real Estate



Small/Medium  
Merchants



Larger Merchants



Small  
Healthcare



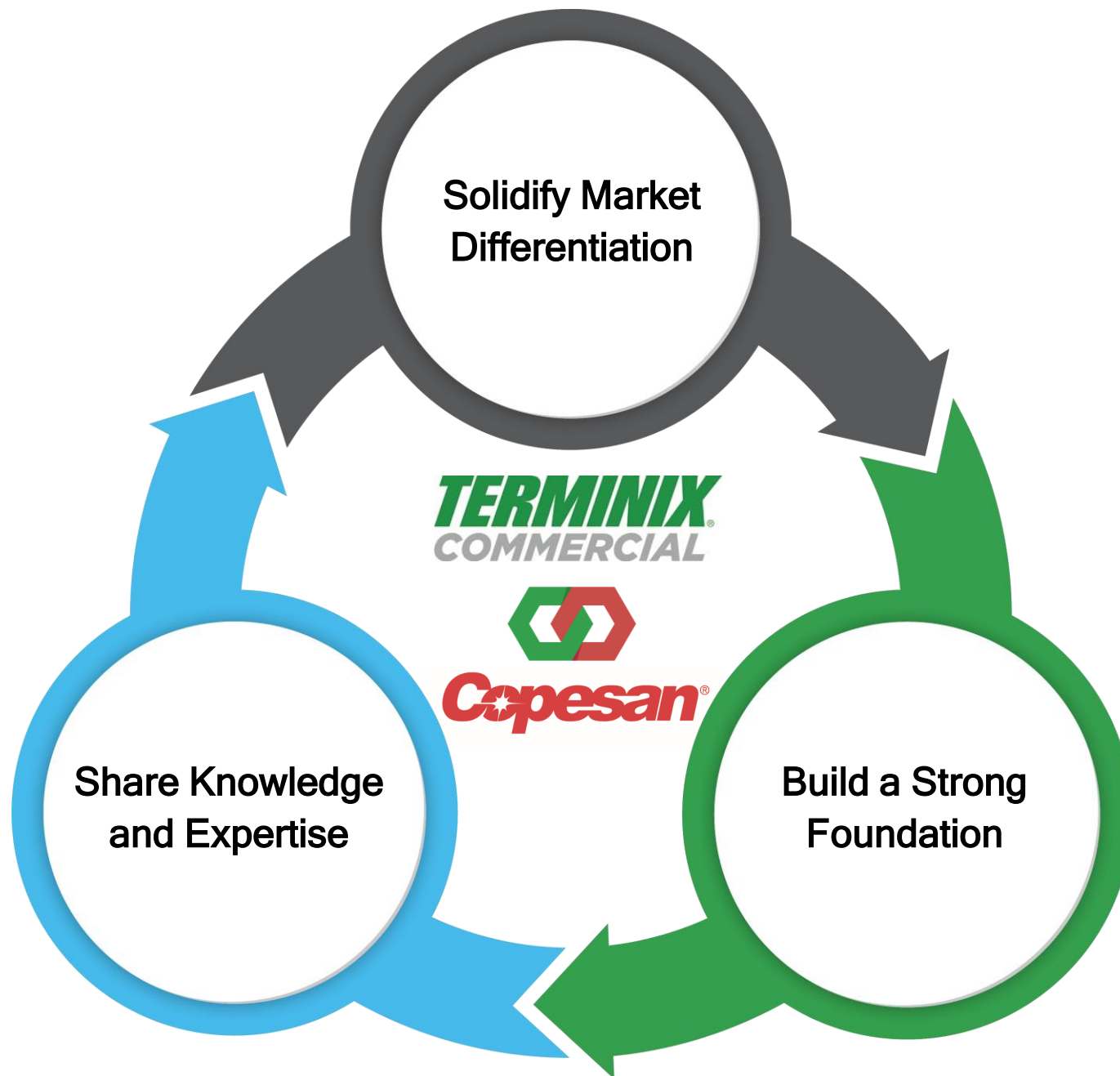
Large  
Healthcare



Warehousing /  
Distribution



Manufacturing





## ServiceMaster **Brands** Strategy

Mary Kay Wegner, President





# ServiceMaster Brands Overview

*ServiceMaster Brands is a leading restoration and cleaning services provider in both the residential and commercial markets, with more than 5,000 franchise licenses and a global presence*



## Strong track record

\$2.6B+ customer level revenues (CLR)

\$238M earned revenues

EBITDA margins of 38%+ on earned revenue and 3% of CLR

5,000+ licenses

34,000 employees of licensed franchisors

## ...across a portfolio of quality brands

*ServiceMASTER*  
*Restore*

 **FURNITURE MEDIC**

 **AMERISPEC**  
INSPECTION SERVICES

*ServiceMASTER*  
*Clean*

**merry maids**

## ...positioned for success

- ✓ Well-positioned in attractive markets
- ✓ Established brands trusted by homeowners, customers and employees and attractive to potential partners
- ✓ Strengthened by ServiceMaster backbone and franchisor playbook
- ✓ Profitable growth acceleration through a refreshed strategy for a \$2.6B business

# Strong momentum carrying over into 2019

*Targeted initiatives have been driving revenue growth that will carry over into 2019*



## RESTORATION



### COMMERCIAL CUSTOMERS

*Expanded Capabilities Through  
'Commercial Recovery Team'*

*+35% YoY CLR growth in  
Commercial Disaster Restoration*



### FIRE DAMAGE

*Introduced Enhanced Service  
Offerings*

*+32% YoY CLR growth in Fire  
Damage Programs*



## CLEANING



### HEALTHCARE CUSTOMERS

*Leveraging Expertise in Healthcare  
Services*

*+25% YoY CLR growth in Janitorial  
Healthcare Customer Services*



### JANITORIAL NATIONAL ACCOUNTS

*Delivering our national footprint  
to existing and new customers*

*+30% YoY  
earned revenue growth*

*Note: YoY growth numbers refer to September YTD periods for 2017 and 2018*

# Refreshed ServiceMaster Brands

*ServiceMaster will deliver the full value of our \$2.6B business of leading service brands*



Historical Perspective	Future Perspective and Aspirations	
<div>“EARNED” REVENUES</div> <div>\$238M</div>	<div>CUSTOMER LEVEL REVENUE (CLR)</div> <div>\$2.6B</div>	<ul style="list-style-type: none"><li>Run brands with mentality of owning two “billion dollar businesses”</li><li>Leverage size and scale to accelerate revenue growth through service differentiation</li></ul>
<div>EBITDA MARGIN</div> <div>38%+</div>	<div>EBITDA MARGIN ON CLR</div> <div>3%</div>	<ul style="list-style-type: none"><li>Huge opportunity to grow portfolio EBITDA benefiting both ServiceMaster and franchise partners</li><li>Adopt lean principles and continuous improvement across all our brands - eliminate waste and drive productivity</li></ul>
<div>GROWTH LEVERS</div> <div>Franchise License Sales</div> <div>CLR Growth at Franchise Level</div> <div>Recruiting Focus on Brand Associates</div>	<div>GROWTH ACCELERATORS</div> <div>Corporate Support</div> <div>Talent</div> <div>Technology</div>	<ul style="list-style-type: none"><li>Implement strategy driving exponential growth through innovative business offerings, national account relationships, and selective operation</li><li>Invest in talent and leadership requisite with the size of the business opportunity</li><li>Renewed focus on technology, big data analytics, and innovation</li></ul>

# ServiceMaster Brands Strategy

*ServiceMaster will deliver the full value of our leading \$2.6B business by building on our existing platform, while expanding into new markets and serving customers through new channels to accelerate profitable growth*



1

## Become Market Leader in Restoration

### RESTORATION



- Leverage strong ~\$1B business to become leading provider in North America
- Emphasize commercial opportunities
- Further strengthen relationships with insurance carriers
- Create additional value by selectively owning specific operations

2

## Continue Growth in Cleaning Business

### CLEANING



- Increase and diversify ~\$1B clean service offering to drive revenue growth
- Expand cleaning product offering and distribution channels
- Leverage pest management adjacency providing full solutions
- Embrace digitally enabled solutions

3

## Enhance Commercial Customer Strength

### COMMERCIAL



- Leverage strong national account position & relationships
- Focus on growing attractive customer segments, starting with healthcare and food services
- Design ServiceMaster solutions providing customers healthy, clean and safe environments

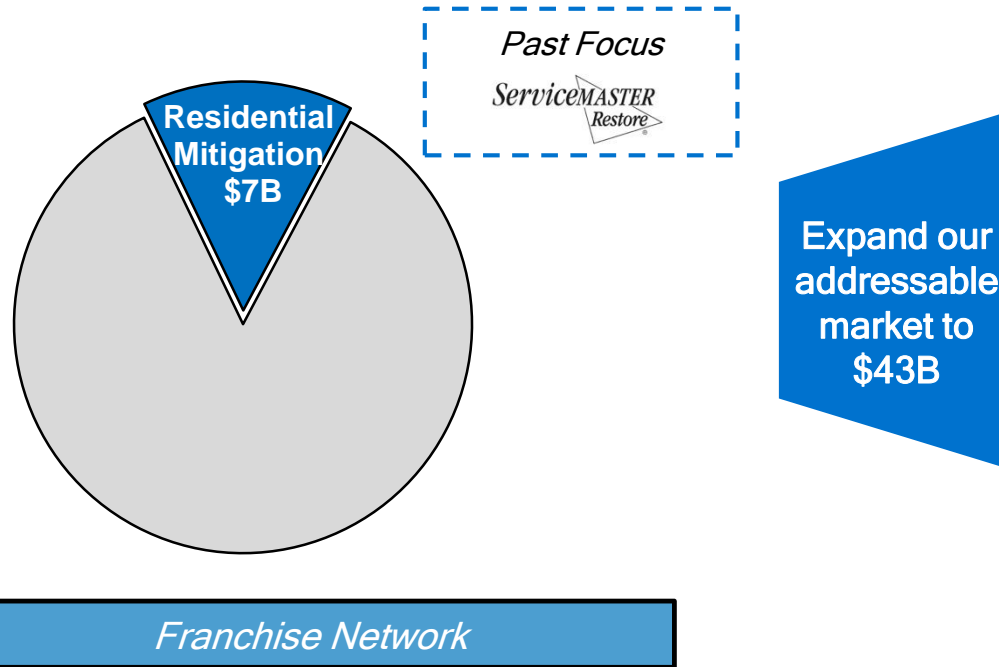
# Become Market Leader in Restoration

*Our leading ServiceMaster Restore business has the opportunity to achieve greater penetration in the broader commercial mitigation, residential and commercial reconstruction, and solutions markets*



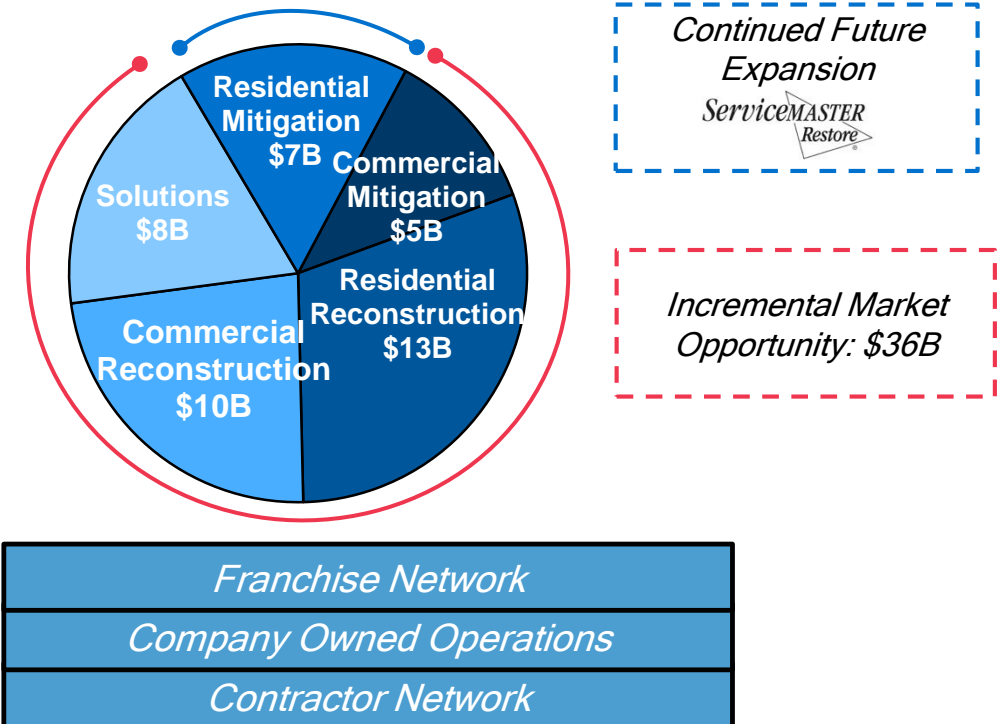
## Opportunity to Transform Today's Business Model...

- Primarily water mitigation focused business
- Mainly serving the insurance industry
- Serving customers solely through a franchise network



## ...to Become the Market Leader in Restoration

- Providing full services and solutions in a \$43B industry
- With greater focus on commercial market segment
- Through a broad network of franchisees, contractors, and company owned operations





# Become Market Leader in Restoration

ServiceMASTER  
Restore

 FURNITURE MEDIC

 AMERISPEC  
INSPECTION SERVICES



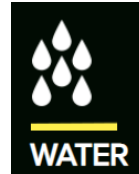
*ServiceMaster Restore's growth aspirations are underpinned by a set of operational initiatives*

## COMMERCIAL CUSTOMERS



- Focus on sophisticated client segments with complex demands
- Target multi-facility customers with recurring needs
- Increase share of clients under Master Service Agreements

## EXPANDED CAPABILITIES



- Drive revenue growth through full service restoration programs
- Enhance partnership with Furniture Medic for furniture restoration

## OPERATIONAL EXCELLENCE



- Enhance Commercial Operations back office support for franchisees
- Implement successful Lean Cycle Time pilot across the network

## PEOPLE



- Expand internal development program
- Grow certification offering
- Enhance operational capabilities

# Continue Growth in Cleaning Business

*Accelerate growth of our leading commercial and residential cleaning platform*



## EXPAND WALLET SHARE



- Drive incremental revenue with existing commercial accounts across ServiceMaster
- Expand into adjacent specialty services to provide one-stop-shop solutions

## EXPAND ATTRACTIVE CUSTOMER END MARKETS



- Expand in attractive customer end markets with sophisticated client needs, starting with healthcare
- Leverage leading healthcare expertise (e.g. surgical cleaning technician certifications) into other customer segments

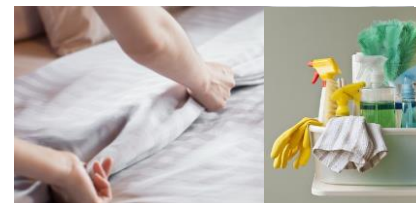


## FOCUSED DIGITAL MARKETING EFFORTS



- Overhauling content delivery
- Comprehensive, rigorous sales approach

## ENHANCE SERVICE AND PRODUCT OFFERING



- Introduce new products and services to meet evolving customer needs

## INVEST IN OUR PEOPLE



- Honor and reward the people who earn our customers' value and trust
- Expand and streamline training delivery through technology

# Enhance Commercial Customer Strength

*Further growth of our commercial capabilities through focused account management across all of ServiceMaster*



## NATIONAL ACCOUNT COVERAGE



- Leverage unique capability to serve complex, multi-location and facility relationships
- Deliver additional value to national accounts through cross-selling Pest, Restoration and Cleaning services

## BROADEN COMMERCIAL ACCOUNT MANAGEMENT



- Leverage cross-sell potential with Terminix Commercial, Copesan and ServiceMaster Clean and Restore
- Drive revenue growth by bundling services to reduce vendor complexity for customers
- Explore broader offering of adjacent integrated services

## END MARKET FOCUS



- Increase focus on markets with complex customer needs
- Drive expansion of successful pilot in healthcare facilities
- Leverage specialist expertise in servicing facilities with highest and strictly regulated requirements





ServiceMaster®

Break



ServiceMaster®



# Transformation Initiative

Pratip Dastidar, Chief Transformation Officer



# ServiceMaster Transformation

*Growth built on operating models that scale while delivering a superior customer experience*



## Strategic Growth Levers

*Sustainable differentiation of Terminix core*



Fix Terminix  
Fundamentals



Grow Commercial Pest



Support Strategic M&A

## New Operating Models

*Elevate experience at all touchpoints*



*End-to-End Journey  
Transformation*



*Driven by Frontline  
Associates*



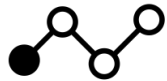
*Using a Disciplined  
Lean-Digital Approach*

# Transformation Enablers - Examples

*New journeys built on enablers that impact all levels of the enterprise*



## New Operating Models...



*End-to-End Journey Transformation*



*Driven by Frontline Associates*



*Using a Disciplined Lean-Digital Approach*



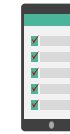
### Optimize Branch Footprint

- Rationalize branch network based on customer demand patterns
- *Denser routes with “whitespace” investment*



### Data Analytics

- Establish single source of data and provide multi-channel visibility
- *Shift to proactive service using predictive analytics*



### Standardize Operations

- Field associates design standard operations
- Integrate into mobile app with guidance and signoff
- *Get it right the first time and increase onboarding speed*



### Automate Equipment

- Modernize and digitally connect field service equipment
- *Reduce manual work, improve speed and productivity*

# Transformation Culture

*Cultural change is key to sustainability*



## New Operating Models...



*End-to-End Journey Transformation*



*Driven by Frontline Associates*



*Using a Disciplined Lean-Digital Approach*

## ...Require New Mindset



- Customer experience is defined by frontline interactions
- Frontline reimagines journeys to better serve customers
- Management removes obstacles to enable success

**Servant Leadership**

# The Lean-Digital Approach

Simultaneous lean redesign and digital enablement of processes



## New Operating Models



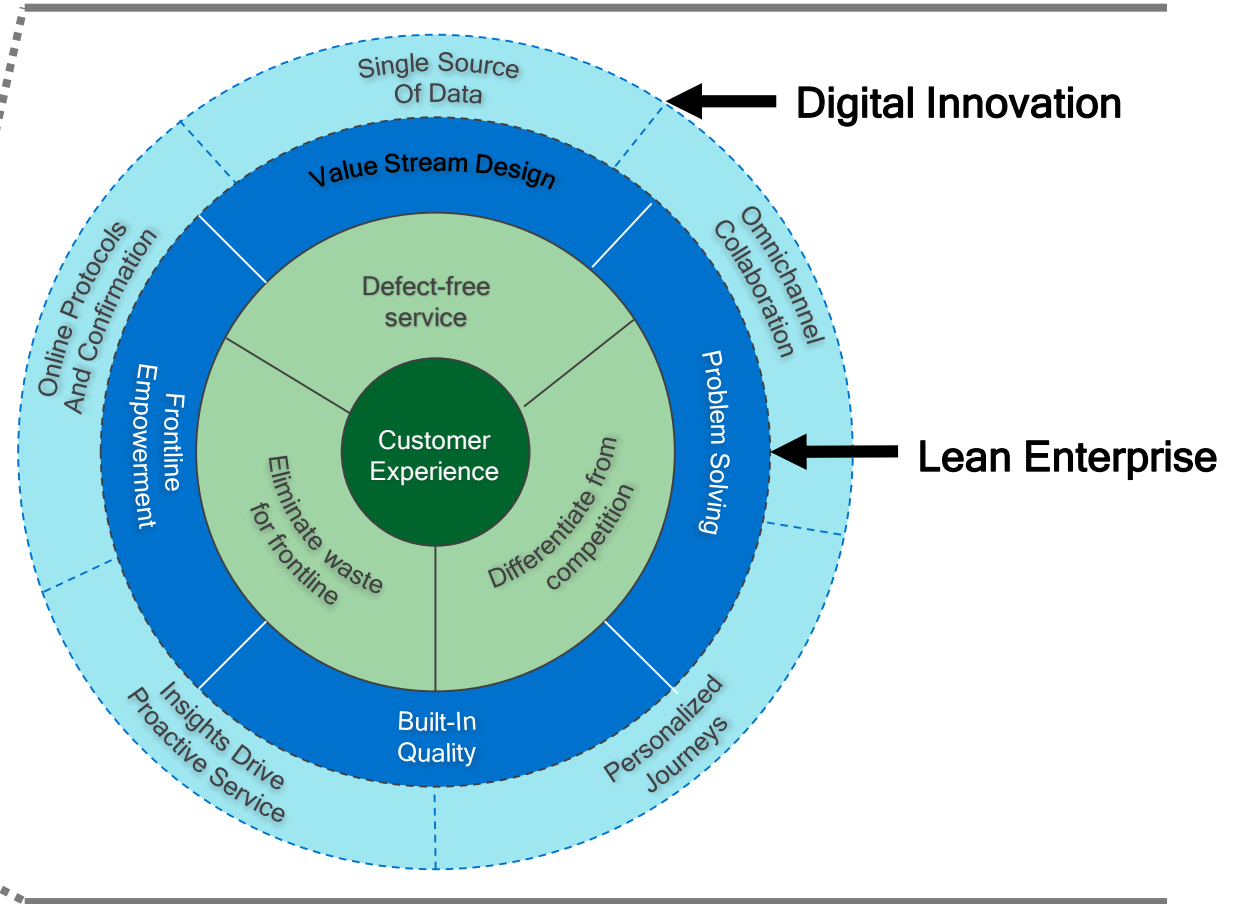
*End-to-End Journey Transformation*



*Driven by Frontline Associates*



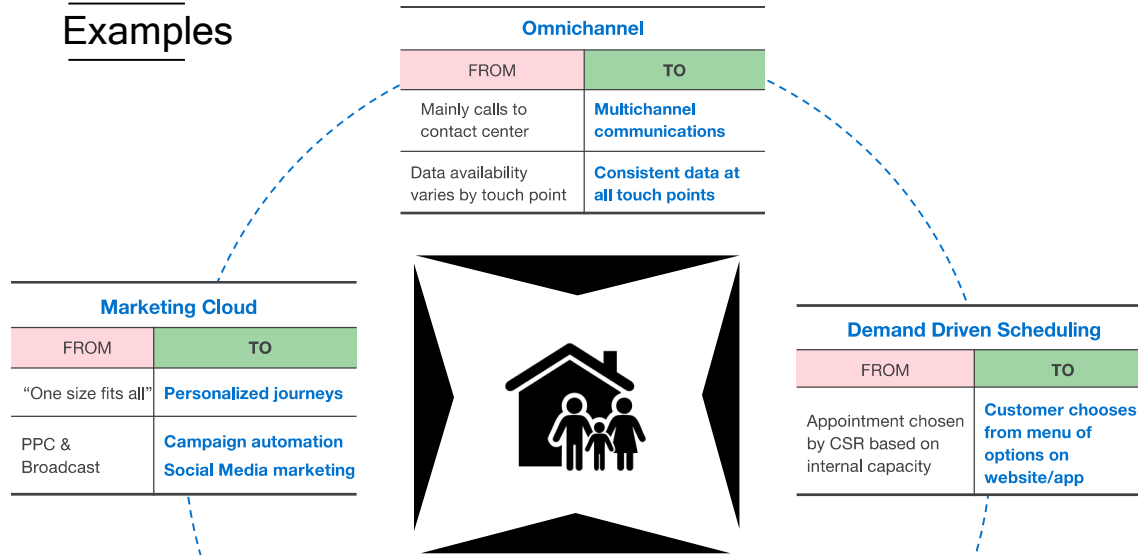
*Using a Disciplined Lean-Digital Approach*





# Salesforce Partnership

## Examples

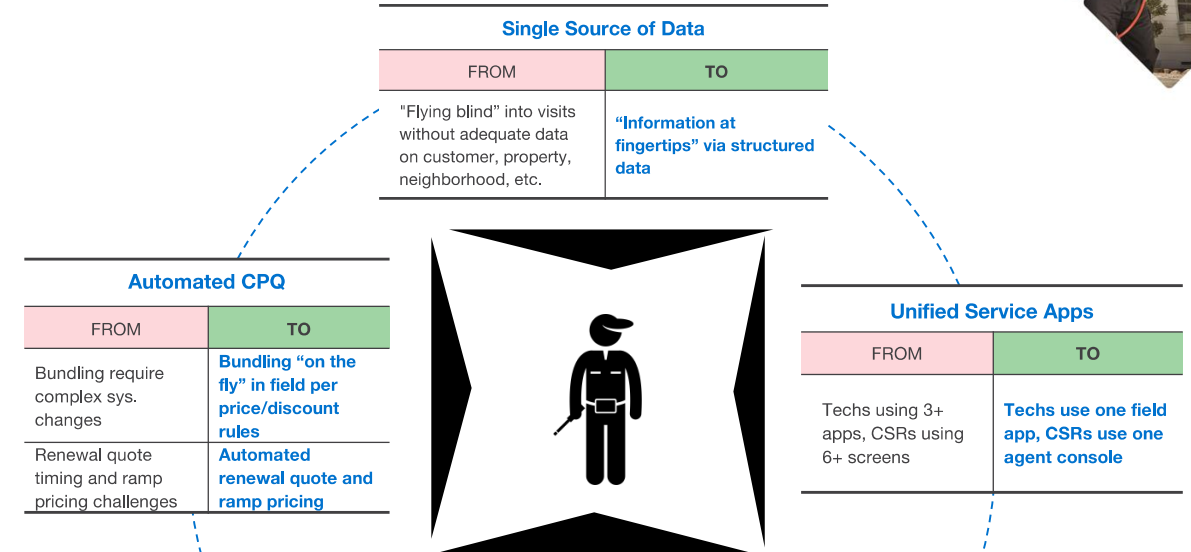


### Einstein Insights

FROM	TO
Products/services offered based on request or cold call	Products and services recommended by predictive analytics

## Surrounding the Customer

*Digital innovation at every touchpoint*



### App-Driven Job Ops

FROM	TO
"Tribal knowledge"	Standard procedures on Field Service Lightning
Limited on-the-job guidance	Online knowledge articles and collaboration

## Empowering Employees

*Free up employees to focus on customers*



“ Creating a *reimagined customer experience* and *accelerating organic growth* through improved retention, in a *productive* way with *lean thinking*. ”



# Talent

David Dart, Chief Human Resource Officer

## Mission

*Creating cleaner, healthier, safer environments for our customers wherever they are - **at home, at work, or at play.***



## Commitments



**We Serve**



**We Care**



**We Deliver**

## Values

**Passion**

**Innovation**

**Integrity**

**Teamwork**

**Humility**

**Accountability**

**Perseverance**

# People are the only true competitive advantage

*Transforming our culture to deliver rapid, global growth*

## *Evolving From*

People are an expense

Top-down direction

Development solely  
on the job

US-centric workforce

Protect the Company

## *Aspiring To*

People are an investment

Action-oriented,  
empowered teams

Mix of on-the-job, technical, and  
accelerated training programs

Global mindset to  
fuel growth

Serve the Field





# Building our talent base



## Acquire

- Redirecting hiring-source programs (military, retail, university recruitment)
- Targeting key skill sets and capabilities required for strategy execution (M&A, marketing, service excellence)



## Retain

- Improving health and welfare programs (enrollment period, maternity/paternity, 2019 redesign)
- Revamped pay programs for field employees



## Enhance

- Accelerated onboarding project to jump-start new hire “time to effective in role”
- Technical training, flexible learning, and accelerated development program investments

## Supporting the growth strategy



**Servant Leadership**



# Growth Strategy

Dion Persson, SVP Business Development






# Strategic M&A

*Our philosophy on strategic acquisitions*

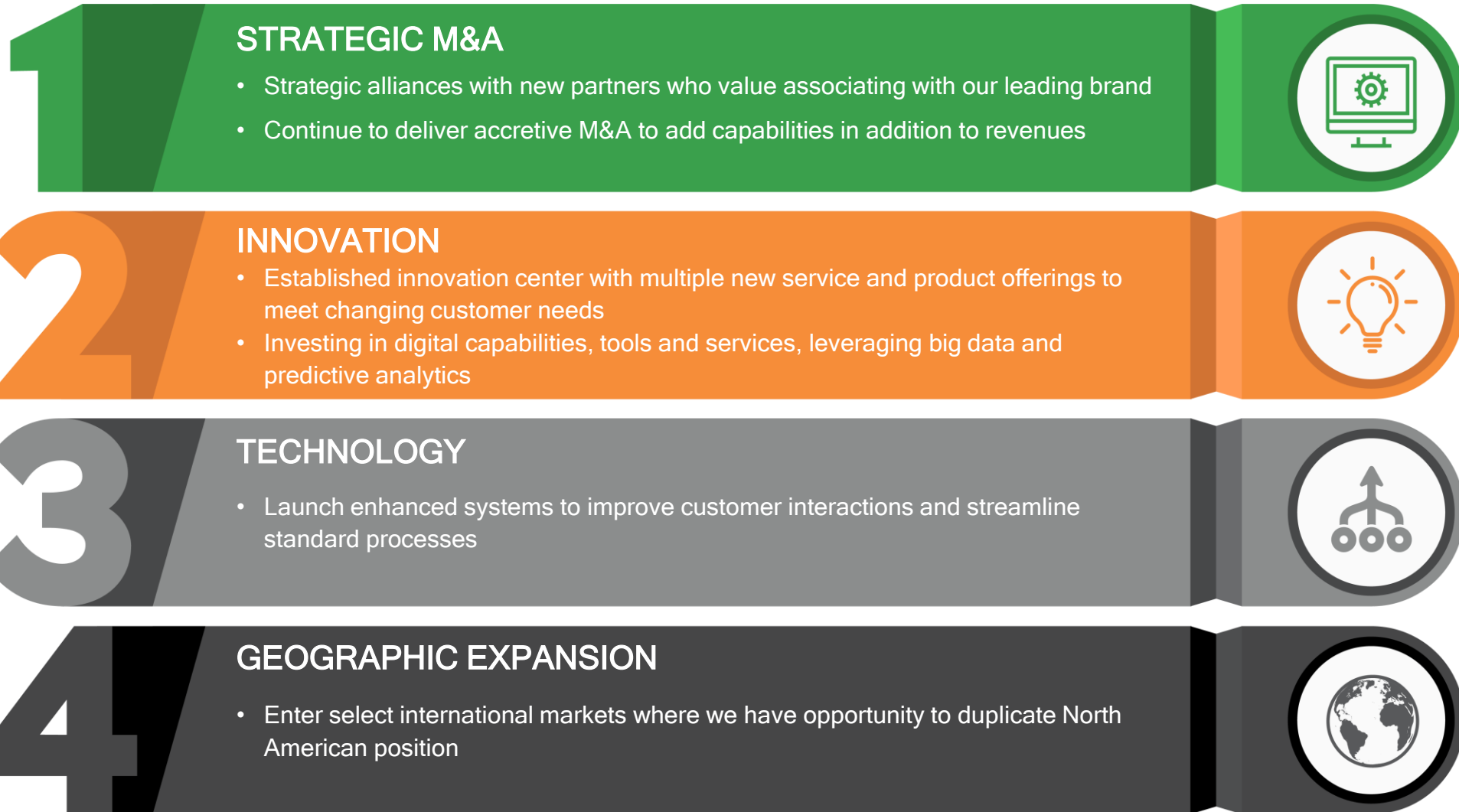


ServiceMaster strategic M&A approach
<ul style="list-style-type: none"> <li>Prioritize business needs and gaps</li> <li>Pursue strategic, accretive acquisitions and partnerships           <ul style="list-style-type: none"> <li>Identify opportunities to improve Terminix capabilities</li> <li>Leverage capabilities across the business</li> </ul> </li> <li>Pursue higher return tuck-in acquisitions to build out geographic breadth</li> <li>Strong pipeline of opportunities and increasing run rate</li> </ul>

Select example transactions		
	Description	Added capabilities
	<ul style="list-style-type: none"> <li>Large dedicated national accounts pest management team</li> <li>World class commercial processes</li> <li>Relationships with leading commercial pest management companies</li> </ul>	<ul style="list-style-type: none"> <li>Improved commercial business</li> <li>Improved national accounts abilities</li> <li>Improved strategic industry relationships</li> </ul>
	<ul style="list-style-type: none"> <li>Bed bug and technical expertise</li> <li>Sales management and associate motivation practices</li> </ul>	<ul style="list-style-type: none"> <li>Launch new bed bug programs</li> <li>Incorporate training and motivation methods</li> </ul>
	<ul style="list-style-type: none"> <li>Strong organic growth programs</li> <li>Lawn capabilities in important Florida market</li> </ul>	<ul style="list-style-type: none"> <li>Utilize lessons learned in driving organic growth</li> <li>Add lawn to select Florida offerings</li> </ul>

# Additional growth opportunities in Terminix

*With a strong base following transformation, many opportunities to grow Terminix*





# Remaining portfolio has significant growth opportunities

*Franchise Service Group becomes ServiceMaster Brands to better align with growth strategy*



## RESTORATION

*ServiceMASTER*  
*Restore*

**Rx** FURNITURE MEDIC®

**AMERISPEC**  
INSPECTION SERVICES

- ◇ Lucrative & high growth market space
- ◇ Expand commercial presence - scale and repeatability
- ◇ Expand into adjacent segments, including reconstruction and solutions
- ◇ Grow national accounts and expand insurance relationships
- ◇ Drive additional value by selectively owning specific operations
- ◇ Optimize one of the nation's widest footprints



## CLEANING

*ServiceMASTER*  
*Clean*

**merry maids**

- ◇ Attractive market with several high growth segments
- ◇ Optimize existing brands through strategies focused on accretive growth
- ◇ Continue to leverage national accounts in commercial markets across services - strong adjacency to pest management
- ◇ Focus on clear customer segment targets including healthcare, hospitality, food services
- ◇ Develop new products and services to meet customer needs

# M&A Case study

*Assured Environments is a prime example of our strategic M&A process*



- Largest independent urban pest company in the world
- #1 position in New York City
- Key Copesan provider
- Leading commercial player
- Best in class urban capabilities
- Additional vertical market offerings
- Relationships with property management companies

- Andrew Klein will help strengthen our Terminix commercial team
- Assured team provides added depth to Terminix and provides best practices for Terminix urban branches
- Provides additional offerings designed for vertical urban markets
- Provides national accounts introductions for key national property management companies





# Financial Overview

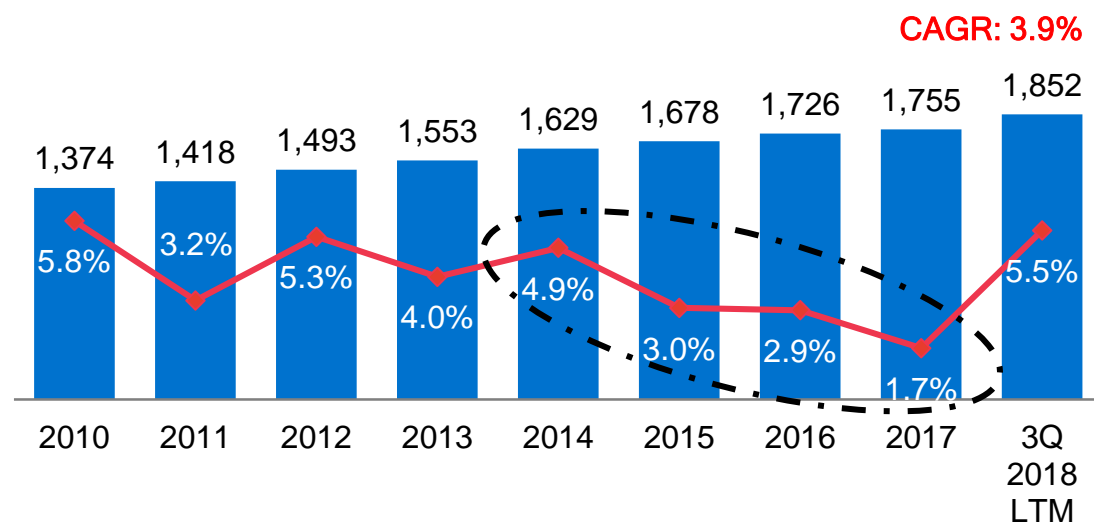
Tony DiLucente, Chief Financial Officer

# Historical Revenue and Adjusted EBITDA

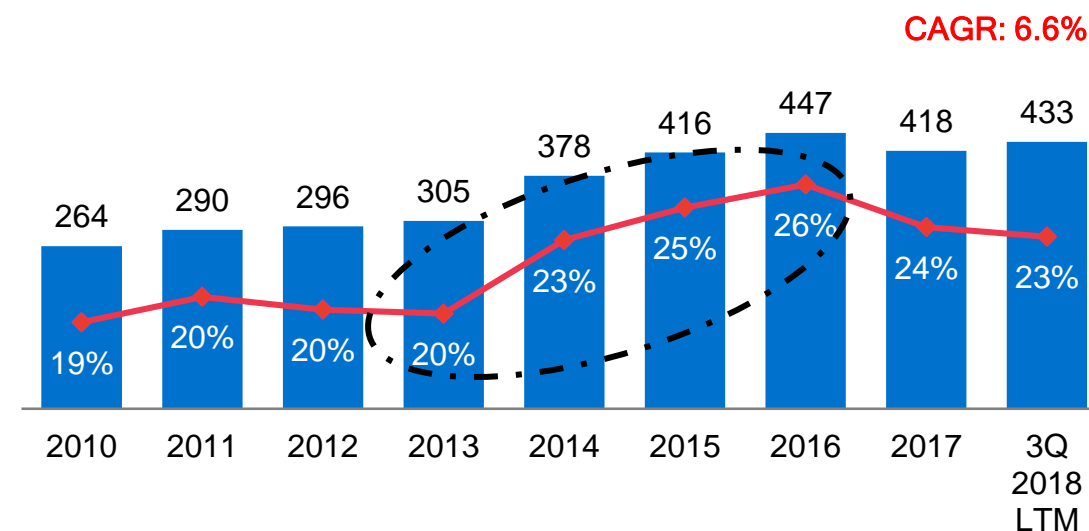
*Resilient Financial Model with Track Record of Growth*



## Revenue (\$M) and Growth

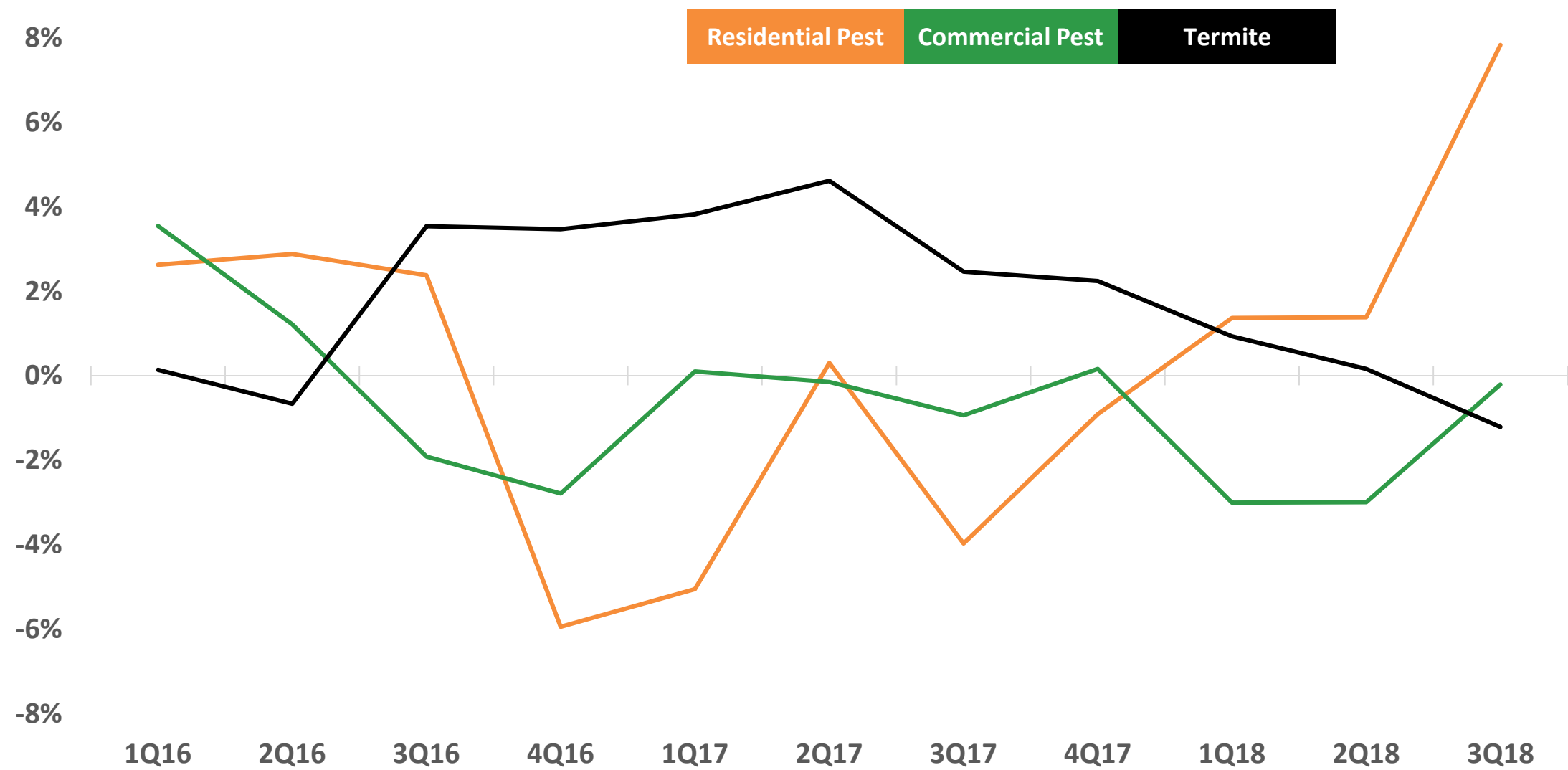


## Adjusted EBITDA (\$M) and Margin



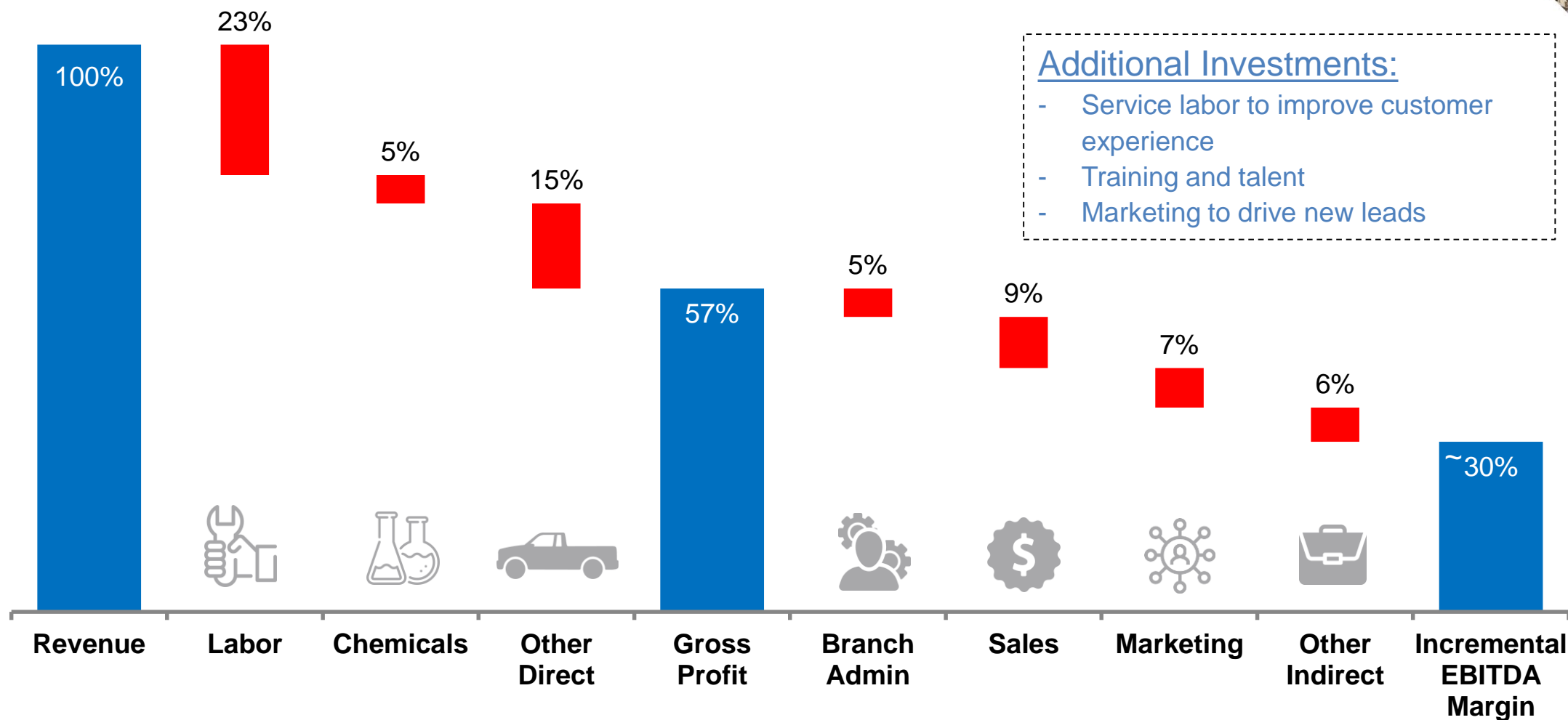
*Investing in Business Fundamentals for Sustainable Long-Term Organic Growth*

# Terminix Organic Growth Trends





# Terminix Normalized Incremental Margins



*Incremental Margins to return after investments in growth normalizes*

# Terminix Revenue Channel Dynamics

*Strong markets with unique growth and profitability by channel*



Type	2018 Q3 LTM Revenue	2018 Q3 Organic Growth Rate	2018 YTD Organic Growth Rate	2017 US Market Size	Industry Growth Rate	Industry Retention Rate	Incremental EBTIDA Margin Ranking	Lifetime Value Ranking
Residential Pest	\$639M	7.8%	3.6%	\$3.7B	3% - 5%	76% - 85%	2	3
Commercial Pest	\$297M	(0.2%)	(2.0%)	\$3.2B	4% - 6%	85% - 90%	3	2
Termite	\$594M	(1.2%)	0.0%	\$1.7B	3% - 5%	85%+	1	1
Total <sup>(1)</sup>	\$1,530M	2.6%	1.2%	\$8.6B	5%+	Mix Dependent	~30%	N/A

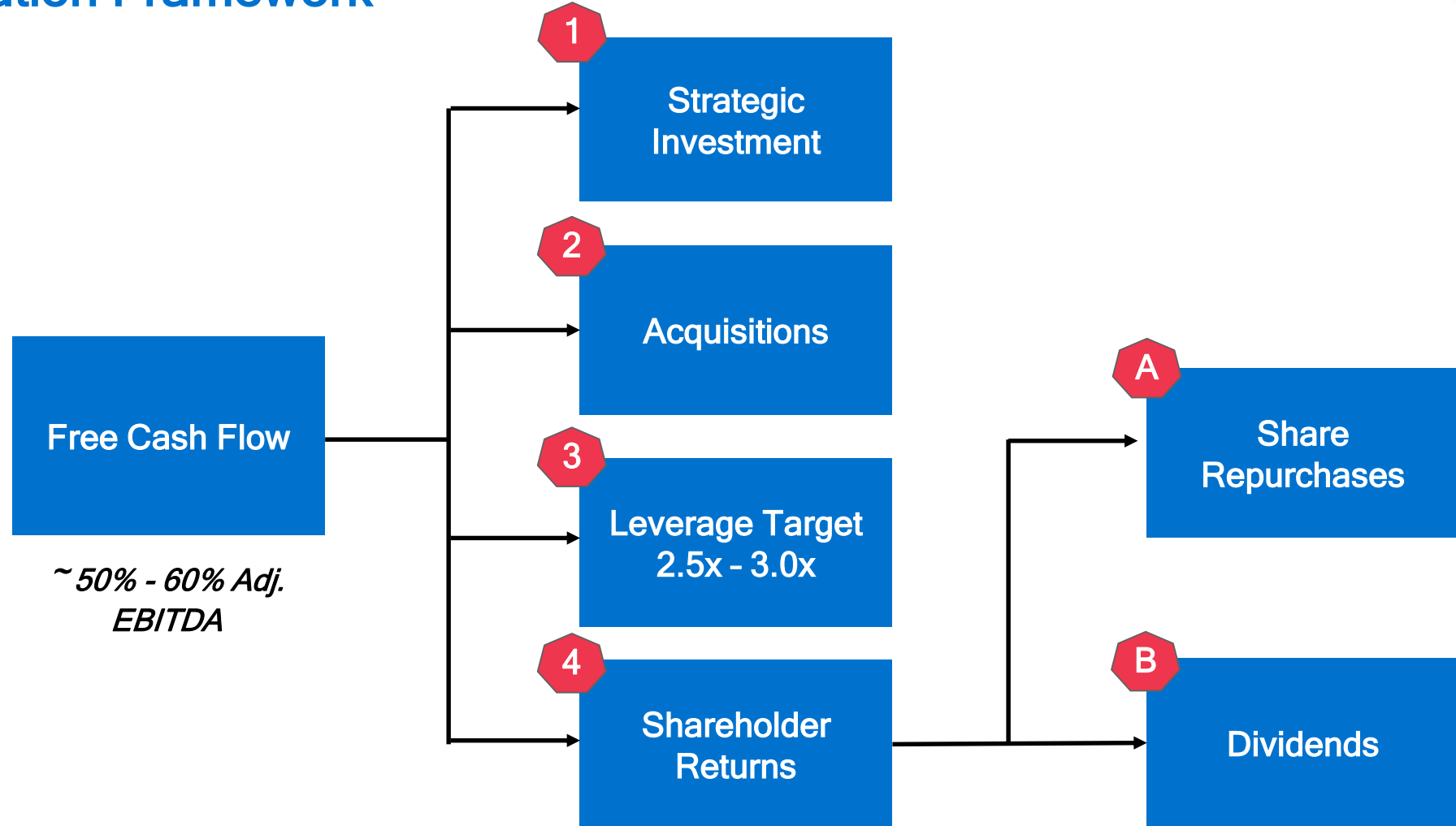
(1) Total excludes \$82M in other revenue, consisting predominantly of product sales revenue

## Post Spin Capital Structure Overview

(Millions)	Amount	xEBITDA	Maturity Date
Cash	279		
Revolving Credit Facility (\$300M)	-		11/8/2021
Term Loan B (250 + L)	643		11/8/2023
Other Secured Debt	103		
<b>Total Senior Secured Debt</b>	<b>746</b>	<b>1.72x</b>	
<b>Net Senior Secured Debt</b>	<b>467</b>	<b>1.08x</b>	
2024 HY Bond (5.125%)	750		11/15/2024
2027 Legacy Note (7.45%)	195		8/15/2027
2038 Legacy Note (7.25%)	52		3/1/2038
Acquisition Debt	75		
<b>Total Debt</b>	<b>1,819</b>	<b>4.20x</b>	
<b>Net Total Debt</b>	<b>1,540</b>	<b>3.56x</b>	
LTM Adj. EBITDA 09/30/2018	433		

Frontdoor monetization will be used to further reduce leverage

# Capital Allocation Framework



Maximize shareholder return through disciplined investments in the business

# Reaffirm Full-Year 2018 Guidance



(\$ millions)	Range	
	Low	High
Revenue	\$1,885	\$1,900
<i>Growth Rate</i>	7%	8%
Adjusted EBITDA	\$ 425	\$ 435
<i>Growth Rate</i>	2%	4%
<i>Margin</i>	23%	23%

Terminix
1% - 2% Organic
Relatively Flat EBITDA Margins (%)
Investing to drive continued growth

SERV Brands
Mid-Single Digit Organic
Janitorial National Accounts Growth
Cycling area wide weather events

Corporate
Tax Rate 26% - 28%
\$4M in Dis-synergies
~\$1M EBITDA impact from Salesforce





## Q&A



ServiceMaster®

Appendix

# Net Income to Adjusted EBITDA Reconciliation

(In millions)	2010	2011	2012	2013	2014	2015	2016	2017	LTM Q3 2018
Net Income (Loss)	(10)	46	(714)	(507)	(57)	160	155	510	512
Depreciation and amortization expense	130	121	100	99	100	84	94	103	108
401(k) Plan corrective contribution	-	-	-	-	-	23	2	(3)	-
Fumigation related matters	-	-	-	-	-	9	93	4	2
Insurance reserve adjustment	-	-	-	-	-	-	23	-	-
Non-cash stock-based compensation expense	9	8	7	4	8	10	13	12	13
Restructuring charges	5	7	15	6	11	5	17	21	17
American Home Shield spin-off charges	-	-	-	-	-	-	-	13	29
Gain on sale of Merry Maids branches	-	-	-	-	(1)	(7)	(2)	-	-
Non-cash impairment of property and equipment	-	-	9	-	-	-	-	-	-
Non-cash impairment of software and other related costs	-	-	-	-	47	-	1	2	-
Management and consulting fees	8	8	7	7	4	-	-	-	-
Consulting agreement termination fees	-	-	-	-	21	-	-	-	-
(Gain) loss from discontinued operations, net of income taxes	(37)	(53)	696	549	100	2	1	-	1
(Provision) benefit for income taxes	(32)	(6)	(8)	43	40	107	85	(139)	(171)
Loss on extinguishment of debt	-	-	55	-	65	58	32	6	10
Interest expense	280	266	245	247	219	167	153	150	153
Other non-operating expenses	1	-	1	2	-	3	-	-	-
ServiceMaster Adj EBITDA	354	397	413	450	557	622	667	678	674
Less AHS Segment Adj EBITDA	(90)	(107)	(117)	(145)	(179)	(205)	(220)	(260)	(242)
RemainCo Adj EBITDA	264	290	296	305	378	416	447	418	433

Note: Not adjusted for corporate-level activities performed on behalf of AHS and stranded at RemainCo post-spin.